City of Lafayette
City Council Special Meeting
Redevelopment Agency Special Meeting
Lafayette Finance Review Committee

MINUTES

Lafayette Community Center – Manzanita Room
500 St. Mary's Road, Lafayette, California

January 13, 2009
7:00 p.m.

1. CALL TO ORDER

Mayor Anderson called the meeting to order at 7:00 p.m.

2. ROLL CALL

Present: Council Members: Mayor Tatzin, Vice Mayor Andersson, Councilmembers Anderson, Anduri and Federighi

Finance Review Committee: Chairperson Daniel Deitrick and Members Lee Burrows, Glenn Farrell, Deb Jansen (arrived late) and Elizabeth Stanners

Absent: Vice Mayor Andersson

Staff: Steven Falk, City Manager; Tracy Robinson, Administrative Services Director; Ann Merideth, Community Development Director; Niroop Srivatsa, Planning and Building Services Manager; Tony Coe, Engineering Services Manager; Jennifer Russell, Parks, Trails and Recreation Director; Lt. Mike Hubbard, Police Services Manager; Gonzalo Silva, Financial Services Manager; Donna Feehan, Administrative Analyst; Mala Subramanian, City Attorney, Joanne Robbins, City Clerk

3. PLEDGE OF ALLEGIANCE – led by Mayor Tatzin

4. ADOPTION OF AGENDA

ACTION: It was M/S/C (Andersson/Federighi) to adopt the agenda. Vote: 5-0-0 (Ayes: Tatzin, Andersson, Anduri, Federighi, Anderson; Noes: None; Absent: None).

5. PUBLIC COMMENTS - None

6. OLD BUSINESS

A. Lafayette Finance Review Committee
Resolution 2009-01 adopting the recommendations proposed in the report and conduct public workshop on the Lafayette Finance Review Committee Report
Recommendation: Discuss and adopt Resolution 2009-01.

11A1

Mayor Tatzin discussed the reasons the Finance Review Committee was formed. Former Mayor Anderson said he re-read the 1992 Finance Review document and that although there are hand-drawn graphs and no Excel spreadsheets, a lot of good changes for the City came out of it. He said he met with the Committee, which is comprised of incredible talent, and he believed they will be presenting some interesting ideas and recommendations and he thanked them for their work.

Committee members introduced themselves.

Mayor Tatzin noted the Committee's report has been on the website, they have prepared a presentation which would be given by the Chair, and there would be time for general questions. He suggested that the Council focus its discussion on each recommendation individually and that there is a draft resolution which the Council can choose to adopt or amend.

Chairperson Dan Deitrick said he would highlight some of the challenges the City faces, the objectives and findings of the Committee, and discuss the specific recommendations. He first spoke about the Committee's mission and then enumerated the challenges the City is currently facing:

1. An unfunded backlog of road repairs totaling $18 million.
2. The lowest per capita police staffing in Contra Costa County and steeply increasing costs for police.
3. A $250,000 annual shortfall in revenue for downtown maintenance.

These funding challenges are further exacerbated by the fact that the City receives a much smaller share of property tax than the average California city and the fact that two of the primary revenue sources - sales and property tax -- can be seriously and adversely affected by downturns in the economy.

In an effort to address these issues, the City has put forth a number of ballot measures seeking to increase revenue, all of which needed 2/3 supermajority to pass (numbers in parentheses indicate the percent that supported the measure):

- 1998 - Police Parcel Tax (45%)
- 2004 - Road Repair Ad Valorem Tax (58%)
- 2006 - Police Parcel Tax (61%)
- 2007 - Road Repair Parcel Tax (63%)

None of these measures were successful. In addition, the City placed an assessment district increase before downtown property owners in 2007 to fund downtown maintenance, but the proposal was rejected. Informal and non-scientific polls conducted after the last road repair measure failed suggested that one of the reasons the measure failed was that some residents believed that there was already sufficient money in the City's budget to address the financial issues and that current resources could be used more efficiently.

The Lafayette Finance Review Committee began its work in April 2008, with four objectives:

1. Review the results of the 1992 Report by the previous Finance Review Committee.
2. Examine the present state of the City's financial picture with respect to decision making and fiscal responsibility.

- Interview Department Heads:
  Tracy Robinson, Administrative Services Director
  Ann Merideth, Community Services Director
  Jennifer Russell, Parks, Recreation & Trails Director
  Michael Hubbard, Chief of Police

- Review prior years' audits
- Analyze the effect of the RDA on City finances
- Review major capital projects

3. Compare Lafayette's financial picture to a group of Bay Area cities that are similar in demographics and population. These cities were chosen as peers based on their population size, their per capita household income and their similarity to Lafayette with respect to retail and housing types.

4. Evaluate a comprehensive list of cost reduction and revenue enhancement options (see Appendix 1 on page 34) and assess both the financial impact and the risk to the community.

Mr. Deitrick discussed the following findings:

- The City did a very thorough job of following through on the recommendations of the 1992 Finance Committee Report. One recommendation the Committee believes should be revisited now is purchasing City Offices.

- The City has generally done a very good job of identifying and acting upon opportunities to manage the taxpayer's money especially with respect to leveraging outside sources of revenue.

- The City's expenditures are in line with peer cities and in some cases, Lafayette appears to be more fiscally prudent than other cities in the study.

- The City is spending General Fund resources in accordance with the long held stated priorities of "The Four Ps": Police, Public Works, Parks and Planning. However, all expenditures and subsidies should be carefully evaluated in accordance with city priorities and General. Funds should be used only if there are no other reasonable funding options.

- The committee identified a number of cost reduction opportunities; however they are not recommending that the Council pursue all of them at this time. In fact, due to the risk to the community, some would only be recommended if the City were to find itself in dire financial circumstances.

- The cost saving recommendations range from $50,000-$200,000 per year plus a potential savings on police services of up to $400,000 annually. In addition, the committee has identified $4.3 million in fund balances that could potentially be diverted to local road repair.

- Given the size of Lafayette's infrastructure and law enforcement needs, and the current efficiency of the City finances, cost savings alone are not sufficient to meet the all City's needs. Additional sources of sustained revenue are imperative.

- The committee identified several revenue enhancement options ranging from $100,000 to $7M annually.

He continued by stating the Committee was very impressed with the City's ability to take small amounts of General Fund monies and leverage it to perform large projects. He noted that 85% of the City's General Fund that was spent on capital projects has been spent on pavement management, which he felt was interesting. With regard to the backlog of road repair, the City has worked diligently to address the shortfall. He noted that while staff is larger than when the City first incorporated, it has not changed in size very much over the last 10-15 years. And, administrative expenses are relatively low as compared to peer cities. The Committee reviewed City median income with local Lafayette teachers and found that the teacher's income was actually slightly higher than the median income of City employees.

Mr. Deitrick discussed the various subsidies that come out of the General Fund for activities that are not related to the four Ps and noted that the Committee arrived at six primary recommendations:

1. Acquire and redevelop the existing library site for City Offices funded through COPs (Certificates of Participation) Transfer balance of current City Offices to pavement management program. The estimated annual financial impact is $50,000 to $100,000, and the estimated one time financial impact is $1.8 million.

2. Launch a study to evaluate opportunities for a more cost effective Police Services structure. The estimated annual financial impact is $400,000.

3. Reclassify Youth Diversion Officer as a non-sworn position, which has an estimated annual financial impact of $100,000.

4. Transfer the current balance in the parking fund to the pavement management program. Additional parking can be funded either through the RDA or assessment districts, or a combination of both. Additionally, surplus revenue from Parking Enforcement could be used to fund downtown maintenance. The estimated annual financial impact is $100,000 and a one-time financial impact of $2.5 million.

5. Fund future downtown maintenance (e.g., parking structures, landscaping and lighting, other improvements) with assessment districts. The estimated annual financial impact is $300,000+.

6. Increase revenue using one or more of the following options to fund infrastructure repair, additional public safety and downtown vitality:
   a. Property Transfer Tax which would necessitate changing the city from a General Law city to a Charter city. ($2 to $7 million)
   b. Increase sales tax (by ½ percent, which would yield $1.25 million)
   c. Business license fee that would fund downtown vitality. ($240,000+)

Mr. Deitrick said while they worked hard to find recommendations that reduced expenses they are not able to come up with enough options to cover the $18 million backlog for the roads. He said while monies from saved from expenses could be dedicated to the roads, it would still take 20 years to close the funding gap. Therefore, the Committee further recommended finding ways to increase revenues. He said the City would need to review the ramifications of becoming a Charter City, that over $1 million could be generated by increasing the sales tax and the City would need to look at the timing of this and opposition by business owners, and

while the business license tax would not be a huge source of revenue and would require additional administrative support, it should also be seriously considered.

He said the Committee discussed the need for increased communications early on. He pointed out that there is a disconnect between what is heard in the community, what is factual, what the City puts out in the Vistas, what is on the website and what occurs at Council meetings. They feel it is critical to find better ways of getting people on the same page. The Committee suggests email, targeted mailings, the popularity and further use of the Community sign board and the City's website, Library and City Hall documents, Vistas, civic group presentations, and of information to flow to schools -- possibly integrating City finances into the school curriculum.

Mr. Deitrick asked that the Council look at their six recommendations in their totality, understands that they may have to be amended, but reiterated that all should be acted upon.

Mayor Tatzin asked to start with general questions from the Council and the public to discuss the process the Committee used, analysis done, recommendations, and then focus on each of the six recommendations in detail.

Councilmember Anduri suggested adding to the resolution adopting a multi-faceted communications plan which he felt was critical. He questioned why certain things were placed on the chart, and referred to those in the red zone. He asked why the Committee recommends not reducing the Reserve Fund.

Mr. Deitrick said the current economic environment is a perfect example of how the Reserve Fund has positioned the City to maintain its credit rating for bond issues and to position itself to take advantage of many options. It has been a critical and positive thing for the City to take a conservative approach. He noted Orinda and Moraga's current position, there is a stark difference. Member Farrell noted that one of the key conclusions was that City staff was fiscally prudent in how they address budgeting and execution of the fiscal management of the City. The setting of the reserve principles was absolutely on target in terms of setting the right standards. If we were to abandon those standards, it not be the right thing to do.

Councilmember Anduri said one of the items Orinda considered which was interesting to him would be to securitize the gas tax revenue with the reasoning it would contribute revenue to have another full program two years out. Member Jansen said they did not specifically look into this partly because of where the market place is today and she said it will not be right for a few years.

Councilmember Federighi said the Council has heard a lot about why it is not demanding that the RDA pay back its loan and asked for comment on this. Mr. Deitrick said interest rate on the repayment is 8%. From an investment perspective, if you could have a stream of interest that could be repaid, this might be an investment you'd like to keep. This RDA will certainly pay back the City at some point, but if we can invest dollars today that will pay us 8%, there is a compelling argument to receive that payment. The portion of the money that is owed back to the City that directly relates to funds below the cap, that interest is being paid back to the City. So, their opinion would be to continue to receive that income as opposed to encourage the RDA to pay back the $5 million.

Councilmember Federighi said the Committee proposed funding parking structures, future downtown vitality and maintenance with assessment districts. When we know development will not occur in a brand new area and is not necessarily going to occur all at once, we have

discussed forming assessment districts for a long time but it has never proven feasible or was never accepted. She questioned how the Committee could anticipate the City being successful when it had not been in the past. Mr. Deitrick said as you look at cities such as Danville, they have successfully been able to use assessment districts to provide enhanced downtown areas. They appear to be working well. They would not necessarily support that the City find ways to do parking with an assessment district, however an assessment district could cover the ongoing maintenance of new improvements so that business owners who benefit from those improvements could be comfortable supporting it.

Councilmember Federighi questioned if Danville's assessment districts were put in place some time ago or have they been recently formed and Mr. Deitrick said he was not sure, but they appeared to be present and successful.

Public Comments:

DON LIVELY, Lafayette Taxpayers Association, said his principle concern was the absence of outsourcing functions which have been done successfully elsewhere, specifically the Library. He felt this needed to be added and emphasized. He said the other item they had interest in was work toward addressing the public safety issue.

LOUISE CLARK, Lafayette Senior Recreation Center, believed the City needs senior facilities, acknowledged the City putting money into services but it is not where the seniors are. She hoped that the old Lafayette Library could be turned into a Senior Center because it is too far to come out to the Community Center for those who live in the downtown area. She felt the City offices should be in a more accessible location as far as traffic is concerned, and said it is very difficult on Moraga Road.

GEOFFREY BELLENGER questioned if the Committee considered utility taxes in the report.

Mr. Deitrick said they did look at that; it could be another option, but the sentiment in the town has been one of opposition, and they believed the other choices would have better chance of success.

GUY ATWOOD, Springhill Valley Association/Lafayette Homeowners Association, questioned whether the Committee would change its recommendation if it knew it would take 10 years or more to get the RDA funds for a parking garage versus being able to use the $2.5 million to get a garage now. Secondly, he said he did not understand how some priorities were assigned without knowing how dire the situation would become in the next 2-5 years. If so, did the Committee look at projections of revenues and expenses based on current data in making their decision. Thirdly, he noticed there was an item to reduce staff by 10% (cost if $340,000) yet he did not see any rationale as to why this was not included in the recommendation. He noted there were other similar instances in the report which were also not included in the recommendation, as well.

Mr. Deitrick said the first question would be to determine whether or not the City has a parking problem, which can be answered a number of ways. They cannot find specific evidence that identifies a consistent parking problem in the downtown, and therefore, providing a parking garage today was not as compelling as the need to pave residential roads. Member Jansen said also, they did not believe it would take 10 years to fund a parking structure. They believed that if a need surfaced in 2-4 years, that there is another alternative to fund a parking structure.

Regarding question 2, Mr. Deitrick said there was a presentation to the Council by staff of revenue projections in December, which revealed a couple of more before the budget situation became dire, which was a determining factor in their recommendation. They discussed each option and they believed they were not in a dire need today or over the next 1-2 years. Therefore, they would not support doing those today. Mr. Atwood confirmed that if a dire need existed sooner, then those items in the red zone might be shifted down to the green zone.

Regarding the 10% reduction in staff, Mr. Deitrick said while $340,000 of payroll savings is significant, but when balanced by the decreased levels of service, the situation does not warrant such a drastic action today.

LARRY BLODGETT referred to the parking fund and asked if there was any investigation that the City might be open to potential litigation. Some of the funds collected for the parking fund were in-lieu fees from developers that did not meet their parking requirements.

Ms. Robinson noted that the number is net of any in-lieu fees, and Mr. Deitrick said there was much discussion about the issue, as well.

Mr. Blodgett referred to the Committee being impressed with the way the City was able to achieve grant funding and leverage of monies, which he agrees with, but questioned if there was any recommendation that the City should look down the road for long-term maintenance. Similarly, he questioned that when developers are required to do off-site improvements, was the City collecting money specifically to be set aside for long-term maintenance?

Mr. Deitrick said their study of those projects was born out of an interest in identifying whether or not the public sentiment that there were large amounts of money spent on capital projects was in fact truthful or not truthful and also understanding the sources of revenue for those projects. The only place in the report where this is alluded to is the on-going maintenance costs that may come up with the Downtown Vitality and an assessment district for that.

Mr. Blodgett questioned the current staffing level necessary in the Planning department and other departments due to the decrease in residential and commercial projects. Mr. Deitrick said department manager interviews were done in summer and fall months, there have been changes in the economic climate, and at the time they did their work they did not recommend change. And, as situations change, the circles will change colors. Member Jansen also said that playing with staffing levels too much could be problematic, since when the economy does finally turn around, staffing everything back up is difficult, costly and takes time.

JOAN BRUZZONE questioned what was included for the City's downtown vitality. Mr. Deitrick said they purposely chose that word ambiguously, said he believes that the Downtown Strategic Plan will result in a more vital downtown area. He said some might consider lighting, landscaping, etc. as contributing to downtown vitality and some might not.

Mayor Tatzin asked Mr. Deitrick to summarize some of the items in the calculation of the subsidy that went into the downtown support. Mr. Deitrick referred to Appendix I, page 38, and he discussed some examples of downtown vitality programs. He said parking is a separate issue.

Ms. Bruzzone voiced concern with parking issues, believed a lot of sales tax revenue has been lost as a result of lack of parking and said if businesses lack one parking spot, $37,000 is the loss per space. In the case of Whole Foods, because of 120 days of closure, they determined

they need 26-39 parking spaces and multiplied by $37,000, significant revenue has been lost. She felt one of the reasons why it has been determined that there is no current parking problem is because her parking lot has turned into a free parking lot, and Whole Foods is not the only business kept out of the town. She felt the problem is extreme and it precludes people from coming into the town.

Mr. Deitrick said the parking fund amount the Committee reviewed would be independent from the fees that were paid in-lieu for spaces. Ms. Bruzzone said regardless, she believed the City was keeping people out who want to come into the area through its own rules and regulations and delays, which results in revenue loss. She also said assessments ultimately get passed onto tenants and are not absorbed by the land owner.

Vice Mayor Andersson referred to parking being a problem and said, in looking at the downtown as a whole, there may not be a dearth of parking overall. Mr. Deitrick agreed they looked at the general availability of parking in the downtown corridor and not individual lots.

JAY LIFSON, Lafayette Chamber of Commerce, questioned what research was done to determine whether or not there was a parking problem.

Mr. Deitrick said that if the sentiment was clearly that there was a significant parking issue, it might change some of the recommendations. The Committee did not survey the downtown area with respect to parking itself, the Committee was given access from the City to some of the work being done with respect to parking, but they are not experts in this field and based upon the work they did do, they did not identify that there was a significant need for additional parking today. And, that there would be the opportunity to better address a priority that would fall greater on the scale of need, which was the backlog of roads. However, this is not to say there is not a parking issue or challenge, but with respect to priorities, the Committee recommends funds be directed to a need they saw as higher.

Mr. Lifson said two years ago, the City conducted a survey before the Downtown Strategic planning process began. In the survey, parking was at the top of the list of issues residents had, which he felt could have been provided as a reference base. He said the parking fund has been accumulating sine 1992 and at that time, the Chamber of Commerce supported meters being put in with the understanding that the money would be used for parking at some point. Now, we have spent $500,000 on a two year process to start working on the future of the downtown, and he questioned why this could not be the seed money to start the revitalization of the downtown.

Ms. Jansen said one of the reasons the Committee recommended the change was because the RDA was not in existence when the parking fund was established. If there was an opportunity to build another parking structure or lot, it could be funded out of the RDA and this was the reason for their conclusion. The RDA exists and has available funds, and it is possible these could be used.

Mayor Tatzin re-stated the first recommendation and asked for Council discussion.

1) Acquire and redevelop the existing library site for City Offices funded through COPs (Certificates of Participation) Transfer balance of current City Offices to pavement management program. The estimated annual financial impact is $50,000 to $100,000, and the estimated one time financial impact is $1.8 million.

Councilmember Anderson said the City can save ongoing dollars from this recommendation. There are requests for senior services at the old library site, commented that the problem here is to save funds by moving City offices, but a senior program will increase costs. Therefore, the use of the old library site for City offices seems like a better use particularly since we are trying to save costs.

Vice Mayor Andersson agreed the issue was difficult and noted that there are different groups interested in use of the site. The question then becomes: what is the best use for the site, and if we are looking at saving money, then the City offices is best. If we are looking at getting a senior center if funds are available, it might be a good site. At this point, the City wants to cut expenses and use money more efficiently. At this point, there is no money to spend on a senior center. However, he also did not feel we can restrict what we are thinking about for that site to the goals of this particular project and it may require a broader discussion. He said if this recommendation goes forward, it should be in the context that we have determined the best use for that site.

Councilmember Federighi asked for an explanation of why COPs is the recommended funding mechanism. Mr. Deitrick said they heard a presentation from the consultant who analyzed City offices and the cost to renovate versus rebuilding on the site, net present value, leasing, etc. The ability to utilize COPs would allow leveraging to do the renovation and still allow access to the City Offices funds for other things such as roads. This would yield the greatest return for the effort.

Mayor Tatzin said in the analysis that the consultant did, he did not see a major renovation fund over the 30 year period. There was a refurbishment fund but it was not large. He questioned and confirmed with Mr. Deitrick that additional analysis was not done to determine what the impact of that might be on the net present value calculations they did.

Councilmember Anduri said if the only focus is saving money, he agrees completely with the recommendation. He knows the 1992 recommendation was and is controversial, but he believes the Council should look at the larger picture. Some questions raised by speakers were relevant such as whether this is the right site for City offices and whether there is a higher use for the site over the long term for the community, and in this case, the senior center would be the higher use, and he will have a hard time supporting the recommendation in the resolution.

Mayor Tatzin said when there was general Council support for buying a different building for City offices, he opposed this because he was not convinced that the financial analysis at the time demonstrated it was a good idea. However, the financial analysis does now demonstrate that it is a good idea, has always believed that City offices are a rent versus own decision, and historically, the Council has always said roads are a high priority for us. The opportunity for this recommendation to reduce costs as well as address the highest City priority seems to be the obvious choice. He felt discussions regarding senior service facilities are at a very preliminary stage; there is no money to renovate, staff or maintain it.

He asked for specific comments from the public on the old library site.

CAROL SINGER said she hopes prior to making a decision, the Council will have a definitive traffic study done. People who travel Moraga Way every day cannot get out or into the City and the situation is getting worse.

GEOFFREY BELLENGER said he continues to be troubled by the fact we are leaving a lot of our future undefined because the Downtown Strategy has not been finalized or adopted, yet we are talking about spending monies that would otherwise be dedicated to building a vision and fix a problem that no one else in the City seems to want to pay to fix. He understands the problem is pressing but Lafayette is now one of the few cities that has made one of the biggest improvements in its roads and its score has gone from 64 to 70 points and enters the ranks of "good condition." He felt we were burdening all citizens for roads that have yet to be repaired, and agrees we should look at highest and best use of funds.

LARRY BLODGETT questioned whether the Committee's analysis put enough money into the building to adequately retrofit it as well as all other requirements. He voiced concern that we will not know what it will cost to do a proper tenant improvement and it will still fall short and will not accommodate the police department.

Ms. Jansen said there were estimates made through the study that BAE provided which could be found in the appendix. Mayor Tatzin said they estimated $450 per square foot not including land costs.

Councilmember Anduri said it will cost more to renovate the building than it would be to build a new building, and Mr. Blodgett said this was his concern.

DON LIVELY said he had no luck in convincing the library committee that a modular building could be used at half the cost, felt the logical approach would be to demolish the existing structure, and said there are very attractive modular buildings out in Ignacio Valley in the Oak Grove area, particularly the Walnut Creek Civic Arts building which can be built for half the cost of a regular architectured building. He believed that also, city offices were not heavily patroned, believed a senior center should stand on its own and fundraising efforts should be implemented if there is a need.

Mayor Tatzin confirmed that an average of approximately 20-30 people per day patroned City Hall, that the library attracts 500 people per day, and therefore, this would be a reduction in traffic.

GUY ATWOOD said he strongly supported the proposal in 1982, said the City did not have the library at that time, and said Mayor Tatzin talked the Committee out of this with the strong feeling that we should lease and not buy. He felt it very important to receive a full presentation from BAE before proceeding on this issue, said he wants to know why we were better off with this proposal versus 15 years ago. Mayor Tatzin said we know the acquisition price for the site and it is relatively attractive. Secondly, he said the downtown has done a lot better since the RDA was created than in 1992 and office rents have gone up faster than anticipated. He agreed that the City should have bought back then, but he stated that a discounted priced parcel is available now.

PETE BUCKLIN said he would have liked to hear some mention of alternative sites that could be available for City Hall use, and if there are so few people to visit City offices, why there has been so much discussion about it needing to be centrally located.

ANN BURNS supported having a senior center but voiced concern that the old library location on Moraga Road would not work well due to heavy traffic.

BYRNE MATHISEN questioned if the old library site might be needed by the school in the future due to increased housing.

Mayor Tatzin said the City has previously discussed this with the School Board and they have not been interested. They continue to own the White Pony School which could serve as an expansion site for them, and because it is not in the downtown, they could redistrict and bus students.

Councilmember Anduri proposed an alternative to the resolution, stating that his preference would be to revise the resolution to read,

1. Adopt the recommendations proposed in the report as follows:

- Explore use of the existing library site for City offices. If it is determined to be the best, long-term use of the site and to be economically advantageous, acquire and redevelop the existing library site for City offices funded through Certificates of Participation. Transfer balance of the current City Offices fund to pavement management program.

Councilmember Federighi thought that exploring the use of the site for City offices is only prudent, and supported the modification to the recommendation. Vice Mayor Andersson agreed and supported the revised wording.

Mayor Tatzin disagreed and said the statement also allows for additional options and he would not support it. Councilmember Federighi said she could agree to amend the recommended change to be willing to "explore the use of the site for City offices and if it proves to be economically feasible, to move forward."

Councilmember Anderson said there is a concern from the public that the City is moving ahead on a commitment of funding and an effort to put City offices in a location without any real due diligence, and he respect's the public's desire to know more about it. He thinks it is a good idea but suggested bringing down the scope of exploration of this particular proposal at this particular site, and then decide to move ahead, which would be more palatable to the public. He hoped to therefore limit the scope of the exploration of this particular proposal and site. Councilmember Federighi believed that some traffic analysis also should be included.

Councilmember Anduri said if the public were to read in the newspaper that the Council had decided to build City offices on the site, they would question where the noticing and ability for input was for this. He sees this as a basic thing to do and not something overly onerous, and felt this could be considered as part of the Downtown Strategic process.

City Attorney Subramanian clarified that before any action could be taken, the Council will need to do the environmental review and it would not be a final action. Councilmember Anduri said; however, the Council would still be focusing on one use without giving the public an opportunity to talk about alternative uses, which he felt was essential.

Mayor Tatzin supported the direction stated by Councilmember Anderson; to make it a focused study on City offices the use, recognizing cost estimates are reasonable and that there are no environmental issues, he feels the use should be focused and if it passes those hurdles, then the Council should proceed.

Councilmember Anderson said he believes that in the context of the City's financial circumstances today, the Council should do this to begin to save money. He said the Strategic Plan can and should look at the 20 year projection and can consider this site, but there is something the City can do now to save dollars.

2) Launch a study to evaluate opportunities for a more cost effective Police Services structure. The estimated annual financial impact is $400,000.

Mayor Tatzin said on January 2nd the City of Lafayette, Orinda, and Danville put out a combined RFQ for consultants to analyze police service options. Each city currently receives services through the County and have been well-served by the County Sheriff's Department; however, the nature of the contractual relationship has changed over time. Over time, the County's financial situation has become problematic and they are charging for things not previously charged. The County miscalculated its liability for retirement funding and they are passing it onto their customers -- the cities.

Vice Mayor Andersson said the Committee mentioned in the 1992 report that the issues with combining the fire and police functions were union resistance and questions as to how much money would come back from the County. He questioned if those concerns are still there.

Mayor Tatzin said Vice Mayor Andersson led the police/fire consolidation study committees in the past, and one of the conclusions was that Lafayette has 3 fire stations and generates enough tax revenue for the Fire District to pay for only two of those. The County was providing services for other parts of the county and was therefore subsidizing our third station. It was reasonable to assume that if we pulled out of the consolidated district, we would only get the tax revenues we generate which are enough to cover 2 stations. Therefore, the savings were not quite as big as it looked initially. Vice Mayor Andersson said the proposal was to combine fire and police services and individuals would serve in both capacities, providing the City with more police and still have support for fighting fires and medical calls. He said it turned out that the City could save about $1 million per year but if it did, we might want to increase services and pay the same amount. So, the way it was proposed was actually not a cost-cutting measure, but in fact, a safety enhancement situation. It does have the potential of saving money if it passed the unions and if we can get the County to transfer those funds.

Mayor Tatzin said also, since 1992, the fire district now provides a lot of emergency medical services that they did not provide when the last study was done. Therefore, a person would need to be trained in three jobs.

There was no public comment on the matter.

3) Reclassify Youth Diversion Officer as a non-sworn position, which has an estimated annual financial impact of $100,000.

Mayor Tatzin said it was suggested to wrap this into the previous item for study.

Councilmember Anduri questioned whether Chief Hubbard was supportive of the suggestion. Chief Hubbard said this is part of the new information that the Committee received. They had a long conversation about police services, discussed civilianizing positions, specifically the CSI who was brought into the department over a year ago. A subsequent conversation occurred, there were discussions about the Youth Services Officer being civilianized. The Committee reviewed the Town of Danville's recent action to do this.

Hubbard said communication broke down when it was identified that Lafayette's Youth Services Officer does not do the same duties as Danville's, as they have three people; a Juvenile Detective, a School Resource Officer, and a Youth Services Officer that is a sworn position, who works in the elementary schools and junior high school doing programs and has limited diversion capabilities. Lafayette's one position serves all those functions in addition to investigating crimes against youth.

He apologized for not keeping the City Manager in the loop of all of these services done by the Youth Services Officer and for this reason it may be difficult to civilianize that position at this time. If however the position is civilianized, the investigative service would need to go back to the County at a charge of $95.95 per hour. Therefore, just in December, the bill would have been $4,300 for a single case. The other investigative diversion work would amount to an additional $3,800 in fees. Therefore, a lot of the $100,000 potentially saved would be reduced by additional investigative fees.

Vice Mayor Andersson confirmed that the Youth Diversion Officer can perform sworn and un-sworn services and he suggested taking the duties of a non-sworn nature and convert those. Chief Hubbard added that diversion is a process where youth commit low level crimes and police try to divert them from escalating to the criminal justice system. He said most of the diversion activities do require investigation, some of which is required to be done by a sworn officer.

JOAN BRUZZONE voiced problems at the shopping center when school is out and/or when school does not start until 9:00 a.m. which is very upsetting to the tenants. Chief Hubbard concurred and noted that Officer Parker is behind the Safeway Store on Friday afternoons and at the burger restaurant on Wednesday afternoons because of illegal skateboard activities.

4) Transfer the current balance in the parking fund to the pavement management program. Additional parking can be funded either through the RDA or assessment districts, or a combination of both. Additionally, surplus revenue from Parking Enforcement could be used to fund downtown maintenance. The estimated annual financial impact is $100,000 and a one-time financial impact of $2.5 million.

Mayor Tatzin felt there were three recommendations; 1) to transfer the current balance in the parking fund, excluding the PDP amounts to the Pavement Management Program; 2) to fund future parking through the RDA or assessment districts; and 3) to use surplus parking revenue to fund downtown maintenance.

Councilmember Anduri questioned the amount, stating that it looked like the City was projecting a cash position of $1.9 million at the end of the year. Ms. Robinson said this is correct and staff is assuming that eventually the loan outstanding will be paid back. Councilmember Anduri questioned the prospect of repaying the loan and he confirmed it was the Veterans Hall loan which would not be paid back immediately. He said if money goes from the parking fund into the roads, it will be a long time before RDA funds could be used for a parking structure. Ms. Robinson said the City discussed putting out another bond issue in 2011, so funds could be in place by then.

Councilmember Federighi questioned how soon there would be money with which to repay the transfer. She confirmed that this money would have to compete with other uses for the RDA. She agrees with Mr. Lifson that at the time the parking meters were first put in, it was with the

understanding that the money would go toward a parking fund and said she would be concerned if it was not used for parking. She understands that there is a perception that there isn't as much of a parking problem but many residents feel relatively-convenient parking is an issue.

Councilmember Anderson questioned the 2011 bond amount, and Ms. Robinson said it depends on interest rates and assessed value growth, but her best estimate would be as little as $7 million as much as $11 million.

Councilmember Anderson said in the Downtown Strategic Plan, they have looked at aggregate parking and parking structures but did not have acquisition costs. $37,000 per parking space is the cost to build a parking structure but not buy the land. Therefore, he believed the cost would be $10-$15 million and he was not sure if a bond would pay for a structure. He confirmed that the next cycle to do this would be 2015, and Ms. Robinson said they would have about $30 million below the cap money to spend total in the RDA and when you bond, you only get half in cash. Councilmember Anderson noted that the future planning will be linked to that funding source exclusively, and he supported the concept. However, he confirmed that the capacity of the RDA is known at about $15 to $20 million for the next six years.

Vice Mayor Andersson said his concern was with the timing because one can plan the Downtown Strategy for parking areas and a timeframe, but the problem is land acquisition is a question of opportunity. His concern is that while the may have RDA money 2011 or 2015, a perfect property could come available 15 months from now. He asked if there was a method to move things around to take advantage of such an opportunity, or would the City be tied to a bond issue.

Ms. Robinson said it depends on the City's cash balances at any given time. In the current budget at the end of FY 08/09, cash balances in the RDA budget will be $2.7 million. The City could spend it or save it, or it could spend down the Reserve and have it paid back.

City Manager Falk said it was his expectation that the Downtown Strategic Plan will attempt to prioritize the RDA expenditures. We know that landscaping, walkways, parks, and parking are all going to be competing with each other on that priority list. Therefore, he did not want the Council to walk away thinking that parking will be at the top of the list, but competing with other important needs for the downtown, and the recommendation will come to the Council in the spring.

Councilmember Anderson said part of that plan is to come up with a sustainable set of priorities, and for instance, the City does not have the funds to maintain more landscaping so this most likely will not rise to the top. He said the exercise is being done now because we recognize our own limits. He felt it will be difficult to pull out things that do not create a long-term impact on operation and maintenance costs.

City Manager Falk also pointed out that Ms. Robinson did calculations to determine that approximately $19 million will be available for projects in the downtown between now and the end of the RDA and that there will be about $30 to $40 million for housing.

Mayor Tatzin said in addition, the Council has previously committed a certain amount of the 2015 RDA bond measure issue to repay the loan to the Library Foundation. So, there are issues as to when cash would be available from the RDA.

GORDON MATTONEN asked if in 2011 there will be a General Obligation Bond residents can vote on and he questioned what the money would be used for. Mayor Tatzin explained that the RDA sells the bond and taxes do not change as a result of this, therefore, no vote is necessary. The liability for this is the RDA's alone and it does not affect the General Fund at all.

LARRY BLODGETT said it was his impression that the Downtown Strategy study was starting to drift away from a centralized parking structure and instead, looki at several parking areas and not structures. In order to build under grade, it will be costly and hence the $37,000 price per space. By having several sites downtown, they may not necessarily be subterranean or structures. When the Chamber of Commerce asked the Council to make an earnest effort to find property, some attempts were made in tandem with finding senior housing, as well. He questioned whether we will be ready in 18 months or will we be waiting until the economy turns around and values increase. He questioned why the City could not purchase a lot, which he felt was doable and asked that the money not be diverted elsewhere.

GEOFFREY BELLENGER echoed Mr. Blodgett's comments, said he believes it is important to have funds in place for parking. He said there will be tremendous demand for RDA projects and one of the primary purposes for the Strategy is to help attract new businesses to come into town, and parking is necessary. He felt a 3-4 story structure was needed downtown, felt all issues are being wrestled with and it is very premature to start diverting valued parking money into road repair.

JOAN BRUZZONE confirmed that parking meter revenues could be used for other parking, and had nothing to do with the $37,000. She said taxpayers are ultimately the ones providing funding, and suggested structured parking along the BART station regardless of it not being an RDA area.

STEVE CORTESE said there are a couple of reasons for parking structures and not just to cure a parking problem. In dealing with the purpose of parking, it is generally for retail customers, and their perception is our reality. From his perspective, the more parking you have the more sales can be generated, and another reason for parking structures is to spur gentrification and redevelopment. The Downtown Strategic Plan is looking at the different uses downtown and coming out of this is mixed use, which generally creates problems for parking. He felt there is logic to have parking zones that people could buy in lieu for the retail portion of their project and the advantage to the City is that you can get some of the money back from in lieu fees. Regarding the RDA, trading the money and pay back, the RDA is essentially paying for roads in the community and not really spending the money in the downtown core, which should not be the case.

GUY ATWOOD, member of the Roads Task Force, said the task force discussed using the parking fund for roads and members have indicated they do not want to use them for roads. The task force agreed that prior to making further recommendations on roads, they would hear the Finance Committee's report and he encouraged the Committee not to make any decisions on any of the items allocated to roads until after the next task force meeting, as many things have changed like oil prices. He has seen how the RDA has mismanaged for many years and he knows that with all other demands and requirements of the City, if parking funds are taken, we will not have them available for many years. He asked to see the City spend its monies from the RDA on improving the downtown and not building civic projects like libraries or veteran halls but spent on businesses and parking. He also felt the City made a major mistake by disbanding the parking committee.

GABRIEL FROYMOVICH questioned and confirmed there was not a practical way to alter the RDA area to include failed residential roads.

TRACEY FARRELL said she loves Lafayette, shops locally, rides her bike and thanked the City for installation of the bike rack at Diablo Foods. She voiced opposition to parking structures, loves the semi-rural nature of the community, said she sees opportunities for lots that are dispersed, said a lot of money has been spent on improving bike access and trails through the town, and she believed retail businesses could enjoy benefits of installing bike racks. She said she does not want to live in a Walnut Creek and asked the City not to implement parking structures.

Mayor Tatzin said he agrees with part of the recommendation, stating if one version of the City offices is adopted, this would provide $1.9 million which could be used to augment the road budget in 2010 and 2011. Secondly, there may be sites that become available before the RDA could provide money from a new bond. While values have not decreased in the City that much, there is the chance that for certain parcels they may and he felt it was useful to preserve that money and take advantage of opportunities that would be more likely to occur. Also, while we can use money from the RDA for parking, there is less money than anticipated. He would not recommend transferring the current balance. He would support the second sentence in the resolution which is to continue to fund additional parking through the RDA or assessment district, and he would strongly support using the parking revenue to fund downtown maintenance. There is currently a subsidy of $200,000 a year and efforts to offset this have been unsuccessful. He would offset the subsidy with the parking fund as well as ongoing revenues.

Councilmember Anduri confirmed with Mayor Tatzin that he supported use of $100,000 per year from downtown parking meters for the downtown, as well as transferring money from the parking fund to maintain downtown improvements.

Councilmember Anduri believed roads must have a high priority, believed there is a need in 2010 for roads as they were hoping to do $5 million worth of road projects and one of the sources is $1 million from initial RDA debt repayment and $1.25 million from Palos Colorados mitigation. If the Council were to follow the City's recommendation that we not use this year's surplus for roads, then there is a $3.2 million shortfall in carrying out the original plan. This being said, he favored keeping the money within the parking fund and believed it was needed for a time when the City can be opportunistic to buy land. If it were put into the roads, it would be a good short term use but he voiced concern that it would not be available when the City can move ahead on parking. He supported that the additional parking meter funds be used for the downtown landscaping.

Councilmember Federighi said she was reluctant to transfer parking funds as there would be little assurance that they could be replaced quickly if ever. She said the fund has been built since 1995, the amount it costs to purchase just the site for parking will easily cost the current balance of the fund. In terms of using the rest of the money for downtown vitality, she felt this would depend upon whether or not there would be another source for that use, and another suggestion was a business license tax which could raise $300,000.

Mayor Tatzin clarified that he wanted to use it only if there weren't another source.

Vice Mayor Andersson said he was less reluctant to move the funds; there is a logic to saying parking is a valid RDA activity and to move the responsibility there and use the funds not

currently tied to the RDA to do roads does make some sense. But the two key issues that should be addressed are 1) a commitment that an equivalent funding for parking within the RDA be made; and 2) when the opportunity presents itself, that there be a method where funds could be diverted which does not seem possible right now. Therefore, he would be reluctant to move the parking funds.

Councilmember Anderson said he supported holding the parking funds for an opportunity to obtain parking and not to transfer it. He likes transferring the surplus parking revenue to help with downtown maintenance until another source is available.

Mayor Tatzin confirmed with the Council that there is a majority indicating use of the surplus parking revenue to fund downtown maintenance until there is another source of funds, we will not transfer the current balance of the parking fund to the pavement management program, and parking could compete as an RDA project but other projects must also be reviewed.

5) Fund future downtown maintenance (e.g., parking structures, landscaping and lighting, other improvements) with assessment districts. The estimated annual financial impact is $300,000+.

Mayor Tatzin said this requires voter or land owner approval, noted that there has been one unsuccessful effort with land owners in the downtown, and asked for public comment.

STEVE CORTESE said he is a proponent of an assessment district, thinks it is the right thing for the downtown; however, their company did not vote because his attention was focused elsewhere, but he learned that he was not the swing decision-maker. Therefore, he would be willing to address those property owners that did not vote or voted against it and attempt to sway them.

Councilmember Anduri confirmed with Mr. Deitrick that if work was done in the downtown corridor or the RDA, there would be on-going maintenance costs associated with that and this is to fund the ongoing maintenance costs.

LARRY BLODGETT said he agrees with Ms. Bruzzone that any kind of an assessment will definitely trickle down to the tenant, said he was not opposed to assessment districts by nature, but voiced concern in meeting with Mike Maloney and his architect regarding the pocket park in the Mt. Diablo Boulevard corridor, he did not see any long term funds being set aside to maintain it. This will increase the burden on the City's landscape maintenance program, which will force higher assessments, and voiced concern that in the future, he will have to pay for it all.

JAY LIFSON, Chamber of Commerce, said in understanding this, there would be two assessment districts; one would go to the property owners and the other would be to have a business improvement district for business owners. He voiced concern in having both a business assessment district and a business license tax, as business owners would be hit hard.

ROBERT LAVAIE, CPA, said he helps small businesses survive and one of the reasons he likes Lafayette is due to its low business tax, and discussed his clients in Oakland and other cities that tax heavily. Emeryville is very business-friendly, they focus on making businesses happy and business is booming whereas Oakland and San Francisco makes it difficult to do business and drives it away. If Lafayette wants to encourage business, they should keep the taxes low and felt appealing was making parking available which increases the City's sales tax base,

suggested cutting expenses and living within the City's existing means, and using savings to pay for the road deficit on a pay-as-you-go basis.

Councilmember Anduri supported the recommendation as stated. Councilmember Anderson suggested that the City pursue, with better communication, another assessment district. Councilmember Federighi agreed, said there were also a number of inaccurate addresses in the mailing but supported the recommendation. Vice Mayor Andersson supported the recommendation and agreed better outreach and communication was needed for the assessment district. He said, however, that the previous assessment was for existing improvements, and since the proposal would be for new improvements, there would be an incentive to do it and felt it would be successful. Mayor Tatzin agreed and supported the recommendation.

6) Increase revenue using one or more of the following options to fund infrastructure repair, additional public safety and downtown vitality:
    a. Property Transfer Tax which would necessitate changing the city from a General Law city to a Charter city. ($2 to $7 million)
    b. Increase sales tax (by ½ percent, which would yield $1.25 million)
    c. Business license fee that would fund downtown vitality. ($240,000+)

Vice Mayor Andersson asked for an explanation of the Charter City change required for a property transfer tax. City Attorney Subramanian said a charter acts as a Constitution for a city and allows it to take charge and control of municipal affairs per a case law defined term. Examples include: municipal elections and recalls, land use and zoning decisions, regulation of the City's police force, prevailing wages on City projects. She said the Charter would need to be approved by a 50+1 vote and any amendments would also need to be approved by the electorate. Therefore, there would be administrative costs associated with the process.

City Manager Falk also noted that a Charter City is allowed to do anything that is not specifically reserved for the State. There are different types of charter cities and large cities such as San Francisco, Los Angeles, Berkeley, Oakland, San Ramon and Piedmont are all charter cities. He suggested not being afraid of the Charter because some cities have gone haywire, as a well-governed city charter can be quite manageable.

Vice Mayor Andersson confirmed with Ms. Subramanian that the Council could also limit Charter duties and responsibilities.

Councilmember Anduri said noticeably missing from the list of options on options are parcel and ad valorem taxes, and he questioned and confirmed they were not listed because of recent failures.

GABRIEL FROYMOVICH said Mayor Tatzin challenged the Lafayette Taxpayers Association as to how the City is to fund its operations without increasing revenues, and noted they will be passing on suggestions after the workshop. He encouraged the Council to strongly consider cost-cutting recommendations and felt now would not be a good time to propose more taxes. He felt there were long-term implications of becoming less friendly to business, felt many people would describe it as not needing to be done and suggested cost-cutting measures first.

GUY ATWOOD said the Roads Task Force discussed the first option and City Manager Falk discouraged this at one time because certain things can occur at a point in time when you change from a general law to a charter city, such that they could lose whatever they have

negotiated from that point in time. Mayor Tatzin said this discussion was about de-incorporation and re-incorporation and a different concept.

Mr. Atwood felt more study was needed on the concept, felt the City was in a dire situation given the State's $42 million deficit, as well as the County's financial position, bonding capabilities, property values, fewer building projects, less staff requirements, and he felt the City has an opportunity to look at reducing their costs in City operations.

LARRY BLODGETT discussed his opposition to the business registration fee, discussed a withholding of building permits policy with the City of Piedmont where, until contractors pay a fee of about $300, the permit is not released, which he felt was unreasonable. He hoped that whatever decision is made, that both business taxes not be implemented and that the City or Chamber of Commerce re-institute their Business Development Commission to educate the public and streamline processes.

Councilmember Anduri questioned the process for the item, stating the resolution states: Increase revenue using one or more of the following options to fund infrastructure repair, additional public safety and downtown vitality: a. Property Transfer Tax; b. Sales Tax; c. Business License Fee. He also suggested the Council discuss Mr. Froymovich's suggestions.

Mayor Tatzin said at the last Council meeting, Councilmembers were asked to be responsible for helping the Council implement priorities and recommendations adopted from the report was the first one. By the February 9th goals meeting, the Council was to return with a plan with milestones as to how this could be done. He and Councilmember Anderson were assigned to work with staff and return with recommendations on how to proceed. Regarding the property transfer tax, they might establish a Charter Committee and investigate the process. Regarding other items, we also adopted another priority about implementing a budget for this year which was consistent with our long-term expectations for revenues and expenditure requirements, which provides an excellent opportunity to look at the other things the Committee looked at, things in Appendix I and decide which to adopt or modify. So, the processes to address both were in place.

Regarding the last item on increasing revenues, he felt the Council should keep it on the list. What the Committee has demonstrated is that even if you implemented all cost reductions, they do not solve all of the problems. He recognized this is not a good year to pass taxes and he suggested thinking about how to match long term revenues with long term desires as a community.

Councilmember Anduri felt it should definitely stay on and thinks one of the critical findings that the Committee has made is that the City cannot meet its needs without new taxes. His only request is to put parcel tax back on the list and he would like to end up with a parcel tax pay-as-you-go solution to the roads.

Mayor Tatzin felt one of the things learned from surveys is that there is a significant percentage of those who vote "no" who do so because they do not believe the City manages its money as well as it could. Given that, it does behoove us to demonstrate that we actually are doing what we can reasonably do. This increases resident's confidence and reduces the amount of tax the City must ask for.

Councilmember Federighi agreed with Councilmember Anduri's request for a parcel tax to be placed back on the list and agreed further review was needed regarding the ramifications of

becoming a Charter City, and said she agreed with Larry Blodgett that either a business license tax or an assessment district tax be proposed, but not both.

Councilmember Anderson supported further review of becoming a Charter City, did not agree with an increased sales tax, agreed to look at a business license fee, was not supportive of a parcel tax given previous history but would not be opposed if the majority of the Council wanted it. Regarding a property transfer tax and business license fee, these can be done in the future when people are feeling better about their financial state. He supported expanding the scope of the reductions to include cost-cutting measures but was not clear about the exact forum with which to conduct the measures.

Vice Mayor Andersson agreed with Councilmember Anduri that there does need to be more revenue if the City wants to close the final gap on the roads. He supported a property transfer, sales tax and parcel tax stating they could address this. He felt a business license fee was smaller and focused more on things for the downtown, but he felt the City should determine the right time and right conditions for a parcel tax. He noted the City cannot institute sales tax until 2010, believed that the property transfer tax amount was significant, agreed with looking at the Charter city issue and believed it might be very successful, and asked to include all of them.

Mayor Tatzin said the wording of each bullet starts out with a nice action verb and he thought it helps set a direction; however, the Council still believes that even if costs are further reduced, more revenue must be increased in order to meet programs that the majority of citizens want the City to deliver. The wording therefore does not preclude selection of either of the options.

Councilmember Anderson suggested amending the wording to indicate that the City Council will review and consider these further and not necessarily approve it now. Mayor Tatzin suggested it be reworded to state, "ask residents to approve increasing revenue by using one or more of the following options"; Councilmember Anderson agreed with this, and Councilmember Federighi suggested thinking about the timing of approval of the items, thinking that this is not the year.

Mayor Tatzin said there is a suggestion to add a communications plan to the wording, and suggested "Communicate better with businesses, property owners and residents."

Regarding the first bullet, he suggested the following: "Conduct further analysis with regard to use of the old library for City offices. If analysis shows a substantial cost savings and minimal environmental impacts after mitigation, then redevelop the existing library site to City offices, funded through COPs and transfer the balance of the current City offices to the pavement management program."

Councilmember Anduri felt the existing wording was no different and felt the key element is that the City needs to look at the long-term and have the public review and contribute as to what they believe is the best long-term use of the site.

Vice Mayor Andersson reinforced this by stating that the Downtown Strategy will have a draft plan shortly which would shed some light on the direction of the Council. The plan will indicate activities that would fit into that area. It may be that City offices may not be recommended or appropriate, and he felt it was worth waiting a short time to see if this sheds some light on this use or other uses would be appropriate. He also suggested that possible consideration might be voiced for other uses, given the financial situation.

Councilmember Anderson felt there is an immediate issue of funds that the City needs to keep the operating and a long-term plan for the development and growth of the City. The long-term plan requires money that the City does not currently have nor identified. The plan will be visionary, but there is not yet money to make it happen. In the meantime, the City has the day to day operations to fund and maintain. For him, it may be denying the validity of the plan but the reality is, that the plan is a long-term plan. There is a known property the City can purchase today to reduced expenses and he felt it was important to move on this now.

Councilmember Federighi confirmed that environmental review must first be done for the Downtown Strategy's plan, but the City did not have the funds to do it. She questioned whether the Council would jeopardize things if it waits for that process; to go through and eliminate other options for the old library because once a use is decided, the property is taken off the table. However, she said if the price is reasonable, it can be a cost savings, as it is centrally located it would make sense. However, it would also be nice for a senior services center but that has no cost savings.

Mayor Tatzin felt there would be a 3-2 vote given what he has heard. One option is to delete reference entirely to city offices and take it up later after the draft plan is done.

Councilmember Anduri said in the next few months, Commissions and the public will comment on the plan and he suggested not making a decision yet. Councilmember Federighi agreed, said a lot of people spent a lot of time on the plan and feel strongly about its use. She said the suggestion to move forward and commit if the figures work out was compelling, but there could be a lot of resentment from stakeholders if they cannot weigh in on it.

Mayor Tatzin confirmed Councilmember Federighi would not vote to focus on city offices for the site but would not eliminate other options to be pursued. He suggested removing the item on Youth Diversion Officer as well as the old library for City offices even though the committee made a recommendation to focus on city offices, and suggested focusing the resolution on what the Council has now recommended.

He said the Council agreed to launch the police services study, fund parking in part through the RDA or assessment district, and use surplus parking revenue to fund downtown vitality until other revenues are obtained. He wanted to dip into the existing Parking Fund as well to fund downtown maintenance, but confirmed he did not have the consensus of the Council.

Councilmember Anderson said he never thought the parking fund would be used to supplement costs and suggested looking at surplus parking revenues to fund downtown maintenance until the City receives additional revenues.

Mayor Tatzin said the Council agreed it would fund future downtown maintenance with assessment districts as alternative sources of revenue and the idea is to increase revenue and ask the public about this, per his wording. Councilmember Anderson suggested more discussion occur on this.

Mayor Tatzin confirmed with the Council that Item 7 should be revised as follows:

7) Ask residents to approve increasing revenue by using one or more of the following options to fund infrastructure repair, additional public safety and downtown vitality:
    a. Property Transfer Tax which would necessitate changing the city from a General Law city to a Charter city

b. Sales Tax
c. Parcel Tax
d. Business license fee that would fund downtown vitality

8) Develop a communications plan to communicate better with businesses, property owners and residents.

Mr. Deitrick said the Committee also encouraged the Council to strongly encourage the Council to establish a Communications Committee. Mayor Tatzin agreed that the Council would discuss this further, and agreed that the cost cutting measures would be discussed during budget discussions.

Councilmember Federighi asked instead of deleting 1, to consider Councilmember Anduri's language. Both Councilmember Anderson and Mayor Tatzin disagreed by saying it would dilute the recommendation.

Councilmember Anduri said the only real difference is that we are comparing it to other uses, which is what the Downtown Strategy Plan process is; the public then knows that we are considering use of that site for city offices as the best use. Councilmember Anderson said the committee will do this in the Downtown Specific Plan process anyway and Mayor Tatzin agreed and did not feel it should be included in the resolution.

Councilmember Anderson confirmed cost cutting measures would be done as part of the budget review.

ACTION: It was M/S/C (Anderson/Andersson) to adopt the Resolution 2009-01, as amended. Vote: 5-0-0 (Ayes: Tatzin, Andersson, Anduri, Federighi, Anderson; Noes: None; Absent: None).

Mayor Tatzin expressed thanks on behalf of the entire Council to the Committee, staff and the public for their work. He felt the action taken would guide the City for many years to come.

7. ADJOURNMENT

ACTION: It was M/S/C (Anduri/Federighi) to adjourn the Special City Council Meeting at 10:45 p.m. Vote: 5-0-0 (Ayes: Tatzin, Andersson, Anduri, Federighi, Anderson; Noes: None; Absent: None).

APPROVED:

_____
Don Tatzin, Mayor

ATTEST:

_____
Joanne Robbins, City Clerk